

Service Date: December 11, 1990

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

| | | |
|--------------------------------------|---|--------------------|
| IN THE MATTER of the Application |) | |
| of the MONTANA POWER COMPANY for |) | UTILITY DIVISION |
| Authority to Adopt New Rates and |) | |
| Charges for Electric and Natural |) | DOCKET NO. 88.6.15 |
| Gas Service in the State of Montana. |) | |
| <hr/> | | ORDER NO. 5360f |

FINAL ORDER

FINDINGS OF FACT

1. On August 14, 1989, the Public Service Commission (Commission or PSC) approved Order No. 5360d, which disposed of all matters pending in Docket No. 88.6.15. On August 18, 1989, the Commission issued Order No. 5360d, which included an effective date for services rendered on and after August 29, 1989.
2. On November 27, 1989, the Commission approved Order No. 5360e, which disposed of all matters concerning Motions for Reconsideration in Docket No. 88.6.15.
3. Included in Order No. 5360e was a decision by the Commission that more evidence should be taken concerning the costs of the Customer Information System (CIS) and Financial Management System (FMS).
4. On March 16, 1990, the Commission received the prefiled supplemental testimony of Jerrold P. Peterson and Wilhelmus C. Verbael on the issue of CIS and FMS.
5. On July 25, 1990, the Commission received a Stipulation Regarding CIS/FMS Costs Between The Montana Power Company and The Montana Consumer Counsel (Stipulation). In the cover letter to the Stipulation was a request that the Commission consider implementing the Stipulation in an Interim Order in Docket No. 90.6.39. The cover letter also stated that the intent of the Stipulation is to close out Docket No. 88.6.15.
6. On August 21, 1990, a technical conference was held in the Commission offices where the Montana Power Company (MPC or

Company) and the Montana Consumer Counsel (MCC) explained the Stipulation and responded to questions.

7. On August 22, 1990, the Commission approved the Stipulation on an interim basis.

8. On August 28, 1990, the Commission approved Interim Order No. 5484b in MPC Docket No. 90.6.39, which included the Stipulation.

9. On October 22, 1990, the Commission issued a Notice of Stipulation and Opportunity to Comment to all parties in Docket Nos. 88.6.15, 88.7.26, and 88.8.25. The comment deadline was November 16, 1990. No comments were received.

Commission Analysis

10. Upon consideration of the proposed Stipulation (see Attachment A) between MPC and MCC on the CIS/FMS issues in this proceeding, the Commission finds that the Stipulation provides a reasonable solution to the areas of disagreement between the two parties and finds that the Stipulation promotes the public interest. Therefore, the Commission approves the Stipulation on CIS/FMS issues in this proceeding as proposed. In approving the Stipulation, the Commission also closes out Docket No. 88.6.15.

11. The effect on MPC's electric operations of including the Stipulation in Interim Order No. 5484b in Docket No. 90.6.39 was to increase depreciation expense in the amount of \$67,250, to increase amortization expense in the amount of \$337,956, and to increase MPC's rate base in the amount of \$4,224,839. The Commission finds that approving the Stipulation in this Final Order makes those increases permanent. Any analysis of CIS/FMS in Docket No. 90.6.39 will be directed towards matters not included in this Stipulation.

CONCLUSIONS OF LAW

1. All Findings of Fact are hereby incorporated as Conclusions of Law.

2. The Applicant, Montana Power Company, provides electric and natural gas service within the State of Montana and as such is a "public utility" under the regulatory jurisdiction of the Montana Public Service Commission within the meaning of Section 69-3-101, MCA.

3. The Montana Public Service Commission properly

exercises jurisdiction over the Applicant's Montana rates and operations pursuant to Title 69, Chapter 3, MCA.

4. The Montana Public Service Commission has provided adequate public notice of all proceedings, and an opportunity to be heard to all interested parties in this Docket. Sections 69-3-303, 69-3-104, MCA, and Title 2, Chapter 4, MCA.

5. The rate levels and spread approved herein are just, reasonable, and not unjustly discriminatory. Sections 69-3-303 and 69-3-201, MCA.

ORDER

THEREFORE THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. The Commission approves the Stipulation (see Attachment A) between the Applicant, Montana Power Company, and the Montana Consumer Counsel concerning CIS/FMS issues in this proceeding.

2. Approval of this Stipulation results in no change in MPC's current electric rates, and the related increases in Applicant's depreciation expense, amortization expense, and rate base already included in Interim Order No. 5484b in Docket No. 90.6.39 are made permanent.

3. Applicant is hereby ordered to abide by the provisions of the approved Stipulation discussed in the above Order paragraphs.

4. The Commission authorizes the inclusion of the effects of the Stipulation in MPC's total cost of service in the Final Order of Docket No. 90.6.39.

5. In approving the Stipulation, the Commission closes out Docket No. 88.6.15.

6. This Order is effective on and after December 11, 1990.

DONE IN OPEN SESSION at Helena, Montana, this 11th day of December, 1990, by a vote of 4-1.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

HOWARD L. ELLIS, Chairman

DANNY OBERG, Vice Chairman

WALLACE W. "WALLY" MERCER, Commissioner

JOHN B. DRISCOLL, Commissioner

REX MANUEL, Commissioner

ATTEST:

Ann Peck
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.